

# **Waddell & Reed, Inc.**

## **Notice of Intent to Invoke Administrative Sanctions**

DATE: October 28, 2001 RESPONDENT: Waddell & Reed, Inc. of Shawnee Mission, Kansas  
ALLEGATIONS: Failure to Supervise It is alleged that Waddell & Reed, Inc., ("WRI") failed to supervise a division manager and an agent who: 1) failed to properly compute the tax consequences for a client in the liquidation of her mutual fund shares in order to purchase a variable annuity sold by WRI; and 2) failed to complete a WRI form to disclose the potential variable annuity surrender charges.

## **Consent Order**

DATE: April 17, 2002 RESPONDENT: Waddell & Reed, Inc. of Shawnee Mission, Kansas  
ALLEGATIONS: Failure to Supervise ORDER: The Commissioner entered a Consent Order against Waddell & Reed, Inc., ("WRI"). The Commissioner had alleged WRI failed to supervise their division manager and agent located in the Great Bend area by failing to provide reasonable supervision to Denise Sauber, an agent for WRI. The Kansas Securities Commissioner's office alleged WRI failed to have adequate systems and written supervisory procedures in place for its agents or division managers by not providing adequate written instruction and failing to update its written supervisory procedures.

**Notice to Investors:** If you are not a resident of Kansas and have been affected by actions that are similar to those described in this synopsis, you should consider contacting your state securities regulator for assistance. To locate your securities regulator, go to the [North American Securities Administrators Association](#) website. If you choose to contact your state securities regulator, please inform him or her of the action taken by the State of Kansas.